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25X1

1. At the current conference in Moscow the Chinese will request military aid from the Soviets, including equipment for 24 infantry divisions, 8 artillery divisions, 6 armored divisions, and 2 airborne divisions. The Chinese will further request delivery within six months of 500 new jet fighter planes and enough bombers for one air force tatui. They also hope for 10,000 tons of shipping consisting of vessels over 1,000 tons and 60 submarines, and they will ask for a loan of 50,000 tons of shipping for the Taiwan invasion.
2. The Chinese will request the restitution of Port Arthur, Dairen, and the Chinese Changchun Railroad.¹ They will be satisfied with nominal control, as restitution of sovereignty will strengthen the Communist regime in the eyes of the Chinese people. The presence of Soviet troops can be adequately covered by Article 2 of the Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance providing for joint use of these military facilities in the event either country is involved in military action by or from Japan. If the Soviets desire to continue joint operation of the railroad, the Chinese will agree for a stated number of years.
3. The Chinese will request economic aid including a long-term loan for extensive reconstruction in China, Soviet permission to negotiate direct trade agreements with Eastern European countries, and arrangements permitting China to purchase machine tools to equip automobile, aircraft, and locomotive manufacturing plants.

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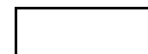
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25X1

SECRET

25X1

- 2 -



4. The Sino-Soviet Treaty was originally designed to guard against aggression by Japan or by any other power using Japan as a base. Since the Japanese Peace Treaty has been effected and Japan has unilaterally declared its independence the Chinese feel the problem must be reconsidered. The Chinese in Moscow are to conclude a more concrete military defense agreement with the Soviets to meet the present situation.
5. Besides these provisions and developments of the Sino-Soviet Treaty the Chinese are planning to discuss Korea and Taiwan. The Chinese hope for a cessation of hostilities in Korea. They are now convinced that the unification of Korea by North Korea is impossible, and that a long war of attrition of which the political significance has disappeared is the only alternative to a cessation of fighting. If a stalemate continues the reconstruction program in China will suffer serious damage. The Chinese therefore hope that discussion of this problem with the Soviets will point to some solution.
6. The liberation of Taiwan is stated to be the major goal of the Chinese Communist Party. Many Chinese feel that the inability of the Government to liberate Taiwan in the three years of its existence is a mark of weakness. They also realize that unless Taiwan is eliminated as an independent government, it will provide a focus for the aspirations of Chinese not satisfied with the Communist Government. Taiwan is also a base for two to three million men who can raid the China coast at will. It is now obvious that the United States will openly aid Taiwan and use Taiwan as an air and Naval base. The Taiwan problem, consequently, is the most important single military and political problem facing the Communist regime. SU Yu, member of the Revolutionary Military Council and Chief of Staff of the Army, was sent as part of the delegation with a report on all military problems involved in the Taiwan liberation attempt. The Chinese plan to ask for Soviet consent on the timing of the invasion and naval and air assistance. The Chinese feel that after the cessation of the Korean fighting an attack on Taiwan will not provoke a world war, even though the United States 7th Fleet remains in the Taiwan waters.
7. The background of the trip of the Chinese delegation's trip to Moscow is presumed to be the following aspects of current needs:
 - a. The Korean war will continue stalemated pending a more favorable moment for working out a solution.
 - b. To paralyze the West economically through the cold war and expand the peace offensive, China and the USSR must achieve closer economic solidarity.
 - c. To back up a long cold war and implement economic reconstruction for China, greater aid from the Soviets is necessary.
8. The proposal to send an important Chinese delegation to Moscow was first raised during June; this was followed by several discussions in top Chinese Communist Party circles, and Soviet consent was obtained. Tentative selection of personnel began about 20 July; the formal resolution establishing and appointing the delegation was passed by the Government Council at the 16th meeting on 6 August.
9. MA Lieh (7456/0441), chief of the USSR and Eastern European Affairs Office of the Ministry of Foreign Affairs,² led a group of 16 medium-rank personnel appointed by the Ministries of Heavy Industry, Light Industry, Fuel Industry, Foreign Affairs, and of the Central Staff Department of the Revolutionary Military Council. The group left Peiping on 10 August for Moscow to prepare for the arrival of CHOU En-lai and his delegation.
10. The delegation was involved in top-level briefings and farewell parties from 13 August. Non-Communist parties and groups gave a joint farewell party for them on 15 August. Delegates in order of precedence are CHOU En-lai, CH'EN Yun, chairman of the Committee of Finance and Economics, LI Fu-ch'un, a vice chairman of the Committee, CHANG Wen-tien, Ambassador to Moscow, and SU Yu, others are advisers. The group intends to remain in Moscow for six to eight weeks.

SECRET

SECRET

25X1

- 3 -

25X1

1. [redacted] non-Communists in Peiping believe that the Soviets will use the threat from Japan to defer the restitution of Port Arthur, Dairen, and the railroad.

25X1

2. [redacted] Comment. According to the Chinese Communist news service WU Hsiu-ch'uan was relieved of and HSU I-hsin appointed to the directorship of the USSR and Eastern European Affairs office of the Ministry of Foreign Affairs in early August 1952.

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